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To: Real Estate Department Partners  
From: Policy and research Department  
Date: June 21, 2012  
**Re: Housing Need Index**

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Notice: **RED-12-31**

The Real Estate Department has developed an index in order to better inform funding decisions. The goal of this process was to identify counties in Indiana which have particular need for affordable housing. The existing 'Areas of Chronic Economic Distress' Index (ACED) which is used in the Qualified Allocation Plan is unsuitable for informing the Strategic Investment Process, so the Department has attempted to create a more precise and transparent alternative. The Areas of Chronic Economic Distress Index focuses on economic distress more broadly rather than on the need for affordable housing. Also, the ACED only classifies counties as either 'distressed' or 'not distressed'. The new index provides greater gradation between counties as well as consistent intervals to allow comparisons between counties.

The research team surveyed a number of experts to identify fourteen key variables which contribute to the need for affordable housing. Data for these fourteen variables comes from the 2012 Census and the American Community Survey. Since each variable will affect the need for affordable housing to a different degree, each data point was weighted based on the results of a second survey conducted by the research team. The data was compiled so a single score could be estimated for each county. Those counties with the highest score have the greatest need for affordable housing. Once a score had been calculated for each county, Geographic Information Software was used to produce a color-coded map which reflects need across the state.

The spreadsheet containing the data used to compile the index along with an image of the color-coded map, can be accessed [here](#), below the 2012 SIP draft.

At this time we would like to invite public comment on the accuracy and efficacy of an index of this nature. This index is not currently being used to evaluate any applications made to IHCDA but it is being considered for future implementation, both for purposes of the Strategic Investment Process and for the Qualified Allocation Plan. If you have any questions or comments regarding this index, please contact IHCDA's Policy and Research Manager, Joe Palus ([jpalus@ihcda.in.gov](mailto:jpalus@ihcda.in.gov)).

A more detailed description of the methodology and research used to develop this Index will follow shortly in a later R.E.D notice.

